

SEGA / MESP QUARTERLY REPORT

OCTOBER TO DECEMBER 2002

USAID support to the South African government and capacity building for previously disadvantaged individuals and institutions through the SEGA / MESP Project continued successfully over the last quarter of the calendar year 2002. To the end of December 2002, the project had expended a cumulative \$20.651, out of a contract ceiling of \$25.7 million. Budget projections including costs of MESP continuing scholars in the U.S., the MESP local bursary program for continuing students and 2003 students, and currently committed activities reveal that the project is currently fully committed and consequently no discretionary activities will be undertaken until further spending is authorized.

Ms. Jacci Conley, Project Management Specialist with the project since 1998, resigned in December 2002. Her able and personal involvement with the Mandela Economic Scholars Program will be sorely missed and we wish her the best in her exciting new position working in the field of implementation of HIV/AIDS prevention and treatment programs in Nigeria.

MANDELA ECONOMIC SCHOLARS PROGRAM (MESP)

U.S. Graduate Training Program

Over the quarter, two scholars worked as interns in the Office of the President (Hlongwane and Biyela). A number of previously returned scholars were placed in permanent positions with government or universities:

- Dr. Mxolisi Landu - Senior Economist, Revenue Analysis Division at SARS
- Bonakele Hlongwane –Deputy Director: Financial Markets Development, Financial Regulation Chief Directorate at National Treasury
- Brian Biyela – Deputy Director: Intergovernmental Budgeting, Provincial Budgeting Chief Directorate at National Treasury (beginning February 2003).
- Nokuthemba Lembethe – Lecturer in Economics at Vista University, Soweto
- Phumla Ndaba – Economist in the Working for Water Program of the Department of Water Affairs and Forestry.
- Dr. Yasmin Dada – Director, Social Policy, in the Office of the Presidency.

Currently, all returned scholars are working and all of the students who returned this year are employed as economists by government or universities. A few students are still considering movement within government to more suitable positions, and the SEGA office will continue to monitor the students placement and assist where necessary.

During this quarter a number of scholars completed their studies and returned to South Africa:

- Plaatjie Mahlobogoane completed his Masters degree at Howard University and returned to the National Treasury.

- Tsepho Falatsa, who completed his Masters degree at the Colorado School of Mines earlier this year, finished his internship with Pioneer Mining and will return to the Department of Minerals and Energy in February.
- Malcom Keswell finished his PhD at University of Massachusettes, and will return to the University of Cape Town in March after three months of research and additional training at the Santa Fe Institute.

Arrangements have been made for the remaining 10 PhD scholars to attend the annual meetings of the American Economic Association in Washington, DC in January 2003. The following four scholars are expected to complete their PhD studies during calendar year 2003 and the SEGA/MESP office will work with them on appropriate placement prior to their return to South Africa: Thabo Mabogoane, Syracuse University

Alpheus Nelufule, Colorado State University

Kudayja Parker-Jhazbhai, University of Florida (for Masters) /University of Nebraska

Victor Munyama, University of Oklahoma (Masters) / Colorado State University

Local Bursary Program (MESP2)

Recruitment for the 2003 intake was ongoing and universities are reviewing applications. During site visits this quarter USAID and Nathan Associates approved Stellenbosch students for an additional semester (from 12 to 18 months) and University of Cape Town's proposal to allow the best qualified students to enter a two-year Masters degree program with a BCom degree. The majority of students at the University of Natal (10 total) will finish their studies this calendar year, while students at University of Cape Town (5) and Stellenbosch (7) will continue for one semester. Preliminary reports show a better distribution of prospective students among the specialized economic disciplines offered by the MESP2 program: Trade (& Regulation), Education, Environment, Labour and Health Economics.

SUPPORT TO GOVERNMENT ACTIVITIES (SEGA)

TECHNICAL ASSISTANCE FOR GOVERNMENT

Numerous activities for government progressed over the quarter. These are arranged by the primary government partner.

Micro Finance Regulatory Council

Important research on the Consumer Credit Law Review, which has been discussed in previous SEGA/MESP reports, continued. Penny Hawkins of FEASibility, the lead researcher on the study of the cost and volume of credit, has been working closely with the CEO of the MFRC, Gabriel Davel, on the study and a draft report has been prepared. Workshops and discussions of the research's important findings will be held in January and February. The Research Committee of the MFRC's Consumer Credit Law Review met to review ongoing research and to discuss future directions. A local market research firm, RUDO Consulting, was contracted to conduct stakeholder interviews on the perceptions of microfinance legislation as part of the consultative process. MFRC staff participated in many of the focus groups and interviews and a final report will be submitted shortly.

Department of Trade and Industry (the dti)

- New Campus Development

Peter Aborn continues in his role as Project Champion for the development of the new dti campus. The project is the first new national government office building complex constructed as a Public Private Partnership in South Africa under the Public Finance Management Act and Peter has worked closely with the PPP Unit at the National Treasury so that this project can be a useful learning tool for the country. By mid 2004, the new campus will house over 2000 employees of the dti in a state-of-the-art campus that will be the anchor tenant of the Nelson Mandela Development Corridor and the Esselen Street Business Corridor in Pretoria. The dti has established a PPP Management Unit and the appointment of an independent “Project Officer” for large PPPs is now a prerequisite for PPP project approval from National Treasury. Throughout the project, the objectives of local economic upliftment and black economic empowerment, both strategic issues for the dti, have been holistically incorporated to generate precinct-wide leveraging outcomes in both primary and secondary economic impact zones.

The October to December 2002 period was a busy one for the project. Actual bulk earth works began in early September, through bridge financing from National Treasury (this is the first PPP in South Africa to carry out extensive early works). Petrol pollution on the site, known prior to the Requests for Proposals, presented new challenges for government, developers and polluters alike. The cleanup costs were initially borne by the dti, but were within cost estimates and most of the costs will ultimately be recouped from the polluter’s reinsurer. The project therefore will be a national prototype for petrol industry management of a polluted site being developed by others.

Also during the quarter, negotiations with the appointed Preferred Bidder broke down and the Preferred Bidder status was terminated based on thorough consideration and consultation between the dti and the National Treasury. This is the first PPP in South Africa to terminate a Preferred Bidder, and while it is not an ideal situation, it does send a strong signal to the marketplace. The reserve bidder has been recalled and now designated as Candidate Preferred Bidder, with no negative implications for program completion dates.

In the coming three months, full Financial Close is expected with the new consortium. The buildings have already begun to emerge from the site under the project’s early works programme. The dti’s PPP Management Unit, as well as a separate PPP unit for the ICT section of the project, will move onto the site in a restored art deco property known as Mahube House (new dawn) at 20 Esselen Street in the first week of March 2003. The dti’s international call center will relocate in mid 2003 to the old FNB building across the street from the main site.

- Research into the Impact of AGOA on South African Clothing Industry

The African Growth and Opportunities Act (AGOA) has offered tremendous opportunity to South African clothing manufacturers by eliminating US duties on a wide range of products. The industry has responded quickly, benefiting both firms and workers. However, South Africa’s clothing exports to the US have not grown as rapidly as some other AGOA countries, such as Lesotho and Mauritius. Chief Economist of the dti, Dr. David Kaplan, together with SEGA staff and with the close cooperation of others in the dti and clothing industry, developed a research project to assess South Africa’s potential under AGOA and to advise the dti and the industry on

key policies to assist in realizing that potential. Economist Peter Minor, a consultant for Nathan Associates, together with US clothing market expert Julia Hughes, and Myriam Velia of the University of Natal (whose involvement was funded by TIPS) prepared a report for the dti and the clothing industry after extensive data analysis and interviews with SA-based manufacturers in both the clothing and textile industry and from both home-grown and international firms. Discussions of the research were held with the dti, including Minister Alec Erwin, the clothing industry in Cape Town, Johannesburg and Durban, and USAID in late November. Key preliminary recommendations were to improve access export-quality competitively priced regional fibers, yarns and fabrics that meet AGOA requirements and to increase efficiency and remove distortions in the industry. The research team advised on the importance of greater cooperation among textile firms and the garment industry. They also warned that the window of opportunity for South Africa to join the international production community is short due to the removal of quotas by 2005. David Kaplan said of the research “The result was a very high quality report that I feel sure will be a valuable input into our further deliberations.”

- Other Activities with the dti

The South African Internet Economic Study continued into this quarter with over 2000 questionnaires sent to firms in Gauteng, Cape Town and Durban and approximately 390 surveys returned. A project steering committee of USAID, Nathan Associates, DTI, UUNet and Statistics South Africa are meeting regularly and preliminary results will be available in the first quarter of 2003. The research project with **NALEDI** also continued this quarter and provided input into the sector jobs summits. Discussions are ongoing with the dti and the British donor agency DFID about likely support to the **South African Institute for International Affairs**, an international affairs think tank at Wits University, for a research and capacity building project entitled “Development through Trade”.

National Treasury

- Modelling Workshop

SEGA provides support for the upgrading of the National Treasury’s quarterly macroeconomic model, primarily through the services of Ben Smit, of Stellenbosch University’s Bureau of Economic Research. The project will enhance the Treasury’s in-house capacity to manage and upgrade the model. A two-day workshop of modeling experts from the Treasury, academia, other government departments and the IMF explored the use of the newest techniques, including the single equation cointegration methodology. The outcome of the workshop is increase dialogue about the model and a more consistent model for forecasting and for use in policy simulations. The model will be extended with detailed add-on models such as CGE models for forecasting the likely impact of government policies on different groups of people. This work builds on the success of previous work, such as the important work on estimating the economic impact of HIV/AIDS.

- South Africa’s International Competitiveness

The National Treasury hosted a workshop around the influential paper by Dr. Stephen Golub of Swarthmore University and Lawrence Edwards of the University of Cape Town entitled “South Africa’s International Cost Competitiveness: A Sectoral Analysis”, which was funded by USAID through the SEGA project. Numerous ministries were represented at the workshop (including many of the returned MESP scholars representing the ministries where they are employed). The paper explores South Africa’s unit labour costs and total productivity by sector and finds that SA is relatively “competitive” compared to developed countries, but not so competitive compared to

developing countries. The results, however, did not take into account last year's rand depreciation which boosted the competitiveness of all sectors relative to other countries.

Land Tenure Reform – Department of Land Affairs

Activities with the Department of Land Affairs were re-initiated, after a lull following the highly successful November 2001 Land Tenure Conference. A scope of work for a large project entitled "Synthesis, Capacity Building and Action Research on Land Tenure Reform Policy and Land Administration" was approved by USAID. The University of Wisconsin's Land Tenure Center (LTC) will lead the push to publish the proceedings of the Nov. 2001 conference and LTC's Brenda Haskins and Michael Roth were in South Africa during the quarter to work on that project and advise the Land Tenure directorate of the Department of Land Affairs. DLA are conducting an assessment of training needs to guide the capacity building aspect of the project. Also during this quarter, interviews were held for two positions as Chief Planners in the DLA and top candidates were selected. An intern for the DLA was also selected who will assist with the registration of Communal Property Associations. Nathan Associates and USAID also met with British aid agency DFID to ensure that donor activities were complementary.

The draft Communal Land Rights Bill was tabled in August and the period of public comment on the bill expires in early 2003. As explained in a recent newspaper article, "The Bill, five years in the making and in its eighth draft, seeks to extend tenure security to occupiers of land under traditional leaders and, by so doing, unlock the economic potential of rural land. Security of tenure is a constitutional right... Minister of Land Affairs Thoko Didiza is under heavy pressure to table a Bill in Parliament".

Intellectual Capital Development

This project is funded as a USAID/Washington-based Global Development Alliance. Over the month, Nathan Associates staff had several meetings with Executive Committee members of the Southern African Research and Innovation Managers Association (SARIMA). Ms. Zanele Tshwete was selected as the Programme Coordinator for SARIMA and will be located in the SEGA/MESP project office for the next few months.

Researchers from across the country were very excited by recent training on the use of the Community of Science (COS). The initial training was co-funded by SARIMA (through USAID), COS and the National Research Foundation (NRF). Approximately 100 academics and research administrators participated in the hands-on workshops on November 18th at the University of Pretoria and November 21st at the University of Stellenbosch. Currently only a small number of institutions have been able to subscribe to COS; SARIMA and the NRF have been negotiating with COS for a country license in order to roll out the services to all academic institutions in South Africa with an equitable sliding scale for institutions' participation. The potential for linking South African researchers with one another, and with researchers and funders from overseas is enormous. The University of Natal has subscribed and reports that *"the benefits have been rapid and tangible. As a result of successful bids [located through COS], the University has received lead organization grants of more than \$6 million and several million dollars more in co-investigator grants. Another benefit has been the caliber of the collaborations that have been set up with US researchers at prestigious universities. The Funding Alerts have also been very useful in allowing us to identify small grants specifically for new/young researchers."*

SARIMA members were key participants at a November 7th meeting of NACI (National Council on Innovation), during which a working group of government, academic and other stakeholders was formed and will be called the Intellectual Capital Forum. SARIMA and Nathan Associates have had ongoing discussions with the Washington-based NGO the International Intellectual Property Institute (IIPi) who are an important partner in the project, and meet with IIPi Project Counsel Lee Gillespie-White in December in Cape Town. IIPi is preparing study examining the research and innovation capacity of key research and innovation institutes in Southern Africa. IIPi will examine South Africa's research and innovation system and compare it to technology transfer systems in other countries.

IIPi will be in South Africa again in March 2003, for a SARIMA workshop and Annual General Meeting. For more information on SARIMA, see the website www.sarima.co.za to sign up as a member and receive the electronic newsletter.

Carbon Sinks Project and Other Environmental Activities

During the past month, Dr. Roland Mirrilees of Nathan Associates SEGA office has participated in the following activities: Providing technical assistance to the Departments of Minerals and Energy, and Environmental Affairs and Tourism, in the compilation of a national strategy for coastal dune mining in South Africa. Dr. Mirrilees undertook site visits to two proposed titanium mining areas on the Wild Coast (direct costs funded outside of SEGA). He also met with Working for Water to inaugurate a Development and Resource Economics Research Review Panel; and TIPS, to discuss a future program of research in the field of Trade and the Environment.

All direct SEGA-related environmental projects have been completed. Two of them, the Forum for Economics and Environment (FEE) and the African Rural Initiative to Sustain the Environment (ARISE) have led to ongoing activities.

FEE has now been registered as a Section 21 company, allowing it to undertake fundraising, and is negotiating a long-term contract with DTI to provide support to the environmental services industry in South Africa.

As noted in the previous quarterly report, it is expected that ARISE will be launched in the Limpopo Province early in 2003 through a partnership between the Kruger National Park, Working for Water and the Development Bank of Southern Africa. Funding for environmental rehabilitation will come from the SA government's poverty alleviation fund (via Working for Water, DWAF's community forestry section, and DEAT), from the World Bank's Community Development Carbon Fund (via DBSA), and possibly from the Global Environmental Facility (via DEAT).

Both these projects have the potential to make significant impacts on South African society, and we will continue to report on them in quarterly reports even though they have moved out of the realm of SEGA/MESP.

Short-Term Training Activities

During the last quarter of the 2002 calendar year, SEGA/MESP continued to provide short-term training opportunities for key government departments, with whom the Economics Strategic Objective has an ongoing relationship.

In-country training:

The University of Natal's Health Economics and HIV/AIDS Research Division held a workshop titled "HEARD 5th HIV/AIDS Workshop on planning for HIV/AIDS in Sub-Saharan Africa" from 28 October – 15 November 2002. SEGA funded 8 participants to attend this workshop from various research organizations and NGOs who are participating in the HIV/AIDS research sponsored by SEGA.

SEGA continued to sponsored National Treasury Provincial and National staff for training to the University of Cape Town for the Performance Budgeting Course. 5 participants attended the course from 4 – 8 November and 6 participants attended from 11 - 15 November. The course was presented by AFReC on behalf of UCT.

Participant Training in the United States

The short-term training activities abroad over the period are outlined in the table and some are discussed in the text below:

21 October – 8 November 2002	<i>The World Bank/Federal Reserve Board Seminar for Senior Bank Supervisors from Emerging Market Economies</i> , World Bank/Federal Reserve, Washington DC	Mr Nkosana Mashiya, National Treasury
28 October- 22 November 2002	<i>Analyzing Labor Statistics</i> , US Bureau of Labor Statistics, Washington, DC	Mr. James Serwadda-Luwaga, Statistics South Africa
28 October- 8 November 2002	<i>Managing Statistical Programs</i> , US Bureau of Labor Statistics, Washington, DC	Mr. Alfred Ngwane, Statistics South Africa
26 – 30 October 2002	<i>Society of Research Administrators Conference</i> , Orlando Florida	Prof. Johann Groenewald, SARIMA
31 October – 10 November 2002	<i>29th Annual Conference on International Antitrust Law and Policy</i> , Fordham University Plus site visit to meet with representatives of the US Department of Justice and the Federal Trade Commission	Judge Dennis David, Competition Appeal Court Judge Thabani Jali, Competition Appeal Court Judge Ismail Hussein, Competition Appeal Court Judge Marumo Moerane, Competition Tribunal Judge Urmila Bhoola, Competition Tribunal Judge David Lewis, Competition Tribunal
4-22 November 2002	<i>Capital Markets—Development and Regulation</i> , International Law Institute, Washington, DC	Ms. Samantha Anderson, National Treasury
8 – 11 December 2002	<i>7th Annual International Summit on Public Private Partnerships</i> , Miami Beach, Florida	Mr Shadrack Shuping, Free State Provincial Health Department

Mr Shadrack Shuping is the Deputy Director General/General Manager: Clinical Health Services in the Department of Health in the Free State Province, was nominated by the Director-General of the Department and the National Treasury's PPP Unit to represent them at the summit. The Free State Department of Health is currently involved in a number of PPP initiatives and Mr Shuping's attendance at the summit will benefit them immensely during this process.

Alfred Ngwane from Statistics SA, attended the Bureau of Labour Statistics Seminar on Managing Statistical Programmes. He reported that his attendance at the seminar was a worthwhile experience, especially now that the department is in the process of implementing the National Statistics System in South Africa. For Stats SA one of the major challenges is to set standards and to ensure that departments use common definitions and methodologies.

Prof. Johann Groenewald attended the Society of Research Administrators Conference and the following recommendations came up:

- SARIMA should continue to pursue international contacts vigorously and should inform all possible international partners of its launch date and request involvement
- SARIMA could work towards setting up partnerships to assist them with professional development activities, offer training opportunities or places, invite/send trainees. In working out the details of its professional development programmes, various alternatives could be explored in conjunction with such partnerships.

ECONOMIC RESEARCH THROUGH NGOS AND UNIVERSITIES

This component of SEGA is managed by the Joint Center for Economic and Political Development, in subcontract with Nathan Associates. Only three of the original grant recipients are still active – the **LIMA** initiative continues to expand land rental markets in Kwa Zulu Natal, the National Institute for Economic Policy (**NIEP**) has restructured and hired new staff and conducted a workshop on public-private partnerships, and Disabled People South Africa (**DPSA**) is working on the technical assistance guidelines for the new Disability Code of Good Practice.

Research on the Economic Impact of HIV/AIDS

A special issue of the *South African Journal of Economics* was published to coincide with World Aids Day in December. The issue includes six papers from the first round of research into the economic impact of HIV/AIDS (cofunded by DFID and USAID), as well as an article on “Research on the Economic Impact of HIV/AIDS in South Africa: Review of Methodology and Lessons Learned,” by technical advisor Stephen Dike.

Below are the progress reports for the second cycle of funding awards:

HOUSEHOLD SURVEYS

1. Economic Policy Research Institute (USAID funded), “A Pilot Study of the Impact of Morbidity and Mortality on Income Earning Household Economies in South Africa: A Township Case Study of Households where Women utilize Health Services”

This is a pilot survey of 100 income-earning households (50 affected by HIV/AIDS; 50 control) in Soweto. The main aim of the study is to develop a methodology to investigate the impact of HIV/AIDS on urban household economies that can be replicated at a national level. The team is collaborating with the Free State team, who are conducting a similar study in the QwaQwa/Welkom area, in developing this methodology.

The researchers will track changes within the households every two months over a period of a year. The results of the study will demonstrate how HIV/AIDS affects time allocation of labor in an urban household, income and expenditure patterns, the economic consequence of income shifts on surviving members and the role of inter-household obligations in the care of AIDS survivors.

The project leader is working closely with the Perinatal Health Research Unit (PHRU), at the Chris Hani Baragwanath Hospital, to recruit affected households.

Progress

The technical assistance (TA)¹ team reviewed the questionnaires and the training manual for the fieldworkers prior to being finalized. Fieldworkers have been trained and the questionnaires translated into Zulu and Sotho. Of the 186 households that were originally recruited, 76 moved, disappeared or did not want to be interviewed during the first wave of data collection. The team plans to interview 120 households to end up with a sample size of 100 households. The data collection for Wave 1 is almost complete and Wave 2 has commenced.

2. Center for Health Systems Research and Development (CHSR&D) ‘The socio-economic impact of HIV/AIDS on households: Pilot study in Thabong/Welkom and QwaQwa’

This is the second year of this research project, which focuses on the socio-economic impact of HIV/AIDS on households and communities in order to determine how the disease affects the economic decisions and positions of individuals and households over time. The impact of HIV/AIDS on individuals and households is assessed by means of a longitudinal study of households affected by the disease compared with a control group of matched households unaffected by the disease. 400 households (200 affected; 200 control) will be tracked every six months over a period of 3 years. The study is being conducted in two local communities in the Free State Province, one urban (Thabong/Welkom) and one rural (QwaQwa) in which the HIV/AIDS epidemic is particularly rife.

Progress

The third wave of data collection has been completed. Attrition between waves II and III has been minimal, with a total of 20 households not being interviewed, primarily as a result of having migrated from the study site, the whereabouts of the household being unknown, or the household having dissolved. This means that 87.3 percent (355 of 405) of the households interviewed in wave I have been interviewed twice more.

Wave IV of the study is currently in the field, with refresher training for fieldworkers having been conducted in the last week of October 2002.

The fieldwork teams in each of the two study sites will be recruiting 'new' households to partake in the study, the objective being to increase the number of participating households to the original number of 400 households. A corresponding number of affected and non-affected households will be sampled and interviewed to replace those affected and non-affected households interviewed in wave I that have not been interviewed again in waves II or III of the study. The same sampling strategy employed in wave I of the survey will be used for this purpose although the research team will, where possible, purposively select child-headed households to partake in the study.

B. LABOR SECTOR

3. Human Sciences Research Council (DFID funded) --“Developing Methodologies to Assess the Impact of HIV/AIDS on Labor Supply and the Implications for Critical Economic Sectors”

The purpose of the study is to contribute to methodologies in the analysis of the impact of HIV/AIDS on economic sectors. The study will contribute to further developing approaches to economic modeling of HIV/AIDS prevalence and impact on economic sectors and develop methodologies of sector surveys. The researchers intend to examine various demographic and

¹ The TA team comprises of Dr. Stephen Dike (Westcon International, Washington) and Dr. Hilary Southall (Human Sciences Research Council, Pretoria)

projection models for South Africa, their similarities and differences, and the reasons for the present controversy surrounding them. They will try to ascertain the various assumptions made by modelers and comment on their validity and plausibility.

The second phase of modeling focuses on estimating prevalence rates in economic sectors and then on zeroing-in on the sector chosen for testing. The chosen sector will be divided into four distinct socio-economic risk groups based on educational status rather than income group. The overall estimated impact would be mapped back onto households, using the census data as the source information for the assumptions and estimates. During the sector survey, the researchers will gather baseline data, so as to reduce the dependence on the demographic models and also validate the approach to economic modeling. The sector surveys would include both HIV testing and structured questionnaires to enable cross-sectional analysis.

Progress

The researchers have submitted their literature review, which is currently being reviewed by Dr.Dike. It seems likely that the researchers will select the automobile sector as it seems likely that key stakeholders in this sector are willing to support the study.

4. Development Policy Research Unit -- ‘The Labor Market and Poverty Markers of HIV+ Households in South Africa’

The research initiative is designed to provide an analysis of the distribution of HIV/AIDS across households as possible, using available data. Currently, there is a dearth of robust population based, household level data linking HIV status to socio-economic and demographic factors. The study will utilize the October Household Survey of 1999 (OHS99), a nationally representative household survey produced by Statistics South Africa (SSA), in conjunction with the published statistics from the Antenatal Clinic (ANC) data of the national Department of Health. The data from the ANC survey will be linked to the OHS99 data set and the research team will be able to describe and determine the labor market and poverty correlates of HIV/AIDS sufferers and the households they reside in.

Progress

The researchers are still struggling to obtain the ANC data set from the Department of Health at this point. We should know, one way or another, by the end mid December if the Department is willing to release the data to the team.

C. EDUCATION SECTOR

5. Health and Development Africa (DFID funded), “Quantifying the Impacts of HIV/AIDS on the Education System at Local Level: School Survey”

The project will seek to quantify and understand impacts of HIV/AIDS on education. Schools and school communities are critical points of intervention in South Africa. The main aims are to quantify and describe the strengths, weaknesses and areas of vulnerability of schools in functional areas in which HIV/AIDS is likely to impact, to quantify currently experienced level of impacts of HIV/AIDS at local level; to describe current responses and priorities for response and to identify local level sites and baseline data which can be used for ongoing surveillance of behavioral and other markers of HIV/AIDS risk and impact.

Progress

The researchers, on request from the TA team, sought approval to conduct this survey from the National Department of Education (DOE). There have been many positive spin-offs from this as members of the Department (Palisa Thobeka, Carol Deliwe and Martin Prew) have taken a keen

interest in the project and are now actively involved in the selection of the schools and questionnaire development. The project is now going through the appropriate channels to receive approval and will be presented at the HEDCOM meeting on 10 December 2002.

The DOE has also recommended the survey be conducted in two instead of three provinces. The Department did not want to do the survey in Gauteng but rather obtain a bigger sample in the other provinces, which they felt were under-researched such as the Free State and Limpopo provinces. Of particular interest to the Department, are Farm Schools in the Free State.

6. Center for Health Systems Research and Development (CHSR&D) (USAID funded), 'The Impact of HIV/AIDS on the University of the Free State: Impact, Magnitude, Implications and Management'

The project aims to determine the magnitude of the impact on, and the implications of the HIV/AIDS epidemic on the University of the Free State (UFS). This study will focus on the existing UFS campus as well as the two campuses (Uniqwa and Vista) to be integrated with UFS according to the National Plan for Higher Education. Organisation's responses to HIV/AIDS have three elements, namely management strategies, workplace programmes, and community participation (Health Economics and HIV/AIDS Research Division, 2000). The research will inform all three of these responses, based on the results of the institutional audit, cost analyses and modelling exercises that forms part of the project.

Progress

The team is currently working only on the UFS and will replicate this for Uniqwa and Vista in early 2003.

1. Costing analysis

Managers in the human resources and finance departments of the UFS were to provide data required for the costing analysis in November 2002. Most of the data has now been made available to the research team, with only some of the information regarding the medical retirements and deaths in service in the past five years currently outstanding. The research team will be able to complete the costing analysis by the end of February 2003.

2. Institutional audit

The research team conducted nine focus groups with students and four focus groups with personnel from the administration and support services with a view to exploring the perceptions and needs of these groups of stakeholders regarding the impact of HIV/AIDS on students/employees and the University's response to the epidemic. Persons attending these focus groups were randomly selected and, where appropriate, were stratified by gender, population group and age. Focus groups with academic staff and NGOs, CBOs working in HIV/AIDS in the Bloemfontein area, will be conducted early February 2003.

3. Epidemiological/demographic modeling

The modeling has three main objectives.

- To forecast the number of school leavers from the Free State and other provinces of South Africa eligible to enroll and study at UFS.
- To forecast rates of HIV/AIDS morbidity and mortality among UFS students.
- To forecast rates of HIV/AIDS morbidity and mortality amongst UFS staff.

This is currently underway and will be completed for UFS in Feb 2003.

D. FINANCE

7. IDASA- Budget Information Service (AusAID funded) 'Effective Mechanisms for Transferring Funds to Provinces for HIV/AIDS Interventions'

This will be a continuation of last year's study, which centered on how Government was responding to the challenge of HIV/AIDS through the conditional grant system. The study aims

to produce explicit recommendations to the National Treasury on how to improve the effectiveness of government resources spent on HIV/AIDS. It aims to do this by assessing the success of the 'targeted increase' mechanism, studying the feasibility and desirability of including HIV/AIDS in the horizontal split formula for the equitable share and conduct a detailed investigation of the obstacles to spending on conditional grants at provincial level.

Progress

The researchers have completed their desk study of the national and provincial budgets. It focuses on the spending record on the conditional grants, and also reviews HIV/AIDS specific allocations in all the provincial budgets. The technical assistance team are currently reviewing this document.

E. LOCAL GOVERNMENT (MUNICIPAL FINANCE)

8. Richard Tomlinson (USAID funded), "HIV/AIDS, Service Delivery and the Implications for Municipal Financial Sustainability"

HIV/AIDS, for many, is both destroying the traditional household and imposing an impossible burden on household incomes. It is to be expected that municipalities will be called upon to provide alternative forms of services connections, will see a sharp increase in the number of households that are unable to pay for services and will, morally, often be unable to discontinue the supply of water, sanitation, waste removal and energy services.

The study aims to assess the impact of HIV/AIDS on the need for shelter and services and then, focusing on services, to identify the form in which these services are needed. This will inform how much it would cost to provide such services and whether municipalities can sustain the costs. The study will comment on the present and needed future framework for services capital grants and operating subsidies.

Progress

Three cities have been selected through consultation with Andrew Borraine, Special Advisor to the Minister of Provincial and Local Govt. and Chairperson of the South African Cities network. The city managers of Pretoria, Bethlehem and Nelspruit have agreed to work with the team and provide them with municipal finance data for their cities.

The team has submitted their conceptual framework for the data collection and modeling, as required by TA team before proceeding to the next stage of data collection. The TA team is currently reviewing this document and has raised several concerns. Their main concern is the reliability of data the team intends to collect on changing household composition. In essence, the entire proposal hinges upon knowing how households change, their shelter and services needs, and their willingness/ability to pay for housing and services. The team proposed to obtain this information through interviews with key informants such as representatives from national and provincial Dept's of Housing, senior municipal officials, NGOs, CBOs, welfare organizations and churches.

Our experience with the study on the demand for low-income housing last year (by Kayamandi Development Services) was that every household copes in different ways, thus making it virtually impossible to determine how households are changing. The TA team has suggested that the researchers require fairly reliable estimates of household compositions before and after HIV/AIDS illnesses and deaths, rather than broad, qualitative senses of the major types of composition and living arrangement changes that families make. Further information is required on this aspect, and others, prior to proceeding to Phase 2 of the project.

F. OTHER

9. Craig Hunter (USAID funded) ‘Cooperating Against HIV/AIDS: An Analysis of the Economic Viability of Cooperation between Izinyanga and Provincial Health Care Providers in KwaZulu Natal, South Africa’

The research will seek to determine whether pursuing greater cooperation between traditional healers, specifically Izinyanga, and the KwaZulu Natal Department of Health is more economically viable in dealing with HIV/AIDS, from the provincial viewpoint, than is simply investing in provincially owned health clinics. The research will utilize models of previous cooperation as well as models of non-cooperation combined with economic analysis of the experienced and projected costs of both cooperation and non-cooperation.

Progress

The literature review and questionnaire submitted.

SUPPORT TO A CENTER OF EXCELLENCE IN ECONOMICS TRAINING AND RESEARCH AT THE UNIVERSITY OF THE WESTERN CAPE

Work with FADTRU is continuing, and continues gradually to strengthen FADTRU’s capacity to operate as an independent organization after completion of the SEGA/MESP project.

FADTRU’s routine activities continued during the past three months – a period in which those activities were curtailed significantly by the Christmas break. Specific activities that are worthy of mention are:

- FADTRU completed two important research projects during the period which were partially funded by the UN and SABS and bode well for FADTRU’s ability to become financially sustainable by attracting contract research. The projects were entitled “Testing the UN/OSCAL Microfinance Model in South Africa,” and “The Economic Benefit of a Technical Regulatory Model in a Developing Country Context”.
- The presentation of two Economic Literacy Courses, one for Mpumalanga Province and the other for Free State Province. A total of fifty-seven government officials attended these workshops.
- The presentation of a conference on a basic income grant.

Contractual arrangements for FADTRU to make its own payments to vendors and reclaim them from Nathan Associates monthly are progressing. This is the first stage in effecting a transition in FADTRU to a situation of reduced dependence on USAID funding. This transition will be given increased attention in the first quarter of 2003.